

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT****FINANCIAL ASSISTANCE DIVISION**

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**CDBG****Community Development Block Grant Program****MANAGEMENT MEMORANDUM****Memorandum Number 05-06****TO: All CDBG Eligible Jurisdictions and CDBG Interested Parties****DATE: July 21, 2005****SUBJECT: Economic Development (ED) Workshop, Policy Notification on Income Self-Certifications, and Regulation Change Notification of the Award Limit under the Over-the-Counter Component****Purpose of this Memo**

This memo is 1) an invitation to attend a CDBG ED workshop on *Business Lending and Microenterprise Programs*, 2) a notification on the revised policy regarding income self-certifications for Business Lending Programs and OTC projects, and 3) a notification that the maximum award limit under the OTC component of the CDBG Program's ED Allocation will increase on September 1 of each funding year from \$500,000 to \$2 Million.

**1) "Business Lending and Microenterprise Program Development and Operation" Workshop****July 26, 2005 – ATWATER**

Castle Airport  
Castle Conference Center  
1900 Airdrome  
Atwater, CA  
(Note: Free parking next to building.)

**July 27, 2005 - WEST SACRAMENTO**

City of West Sacramento  
1110 West Capitol  
Civic Center Galleria – Rooms 157 and 160  
West Sacramento, CA

**Time:** Workshops will open for registration at **8:00am** and **begin at 8:30am**. The workshops will adjourn at **4:00pm**, but staff will be available to meet with you after the workshops.

This new training workshop is being offered for the first time this year. We received excellent evaluations from the first two sessions given last month. The training will provide insights into how to effectively develop and operate Business Lending and Microenterprise Programs under HCD's CDBG Enterprise Fund program.

Topics were selected to provide first time operators and those wishing to improve an existing program with basic guidelines for:

Revolving Loan Fund (RLF) operation including program marketing and applicant screening, underwriting basics, loan packaging/committee presentation, loan closing, funds disbursement, loan servicing, and portfolio management.

Microenterprise program operation including basic program design, eligible uses of funds, and cost allocation planning.

For new program developers the session will also look at the approach to conducting a market needs assessment.

The session instructor will be Chuck Wolfe, Principal of Claggett Wolfe Associates. Chuck has hands on experience in running RLF programs and currently serves as the technical advisor to HCD Financial Assistance Division's CDBG program. Chuck has also taught similar classes on loan program design and portfolio management at the state and federal level.

*(Please note that this is not an application training workshop. The Enterprise Fund NOFA will be released in September 2005 and the Enterprise Fund application workshops will be offered soon thereafter.)*

**Travel to these workshops is an allowable CDBG expense under general administration.** An EDBG Field Representative will be available for consultation at the workshops.

2) **Self-Certifications may now be utilized for documenting 51% Targeted Income Group (TIG) Benefit .**

***(Please Note: this new policy does NOT apply to Microenterprise Programs, under which all beneficiaries must be TIG and all beneficiaries' incomes must be fully verified with back-up documentation.)***

This new policy applies to grantees:

- a.) funded under the Enterprise Fund for business lending programs or for projects funded under Over-the-Counter component
- b.) meeting the national objective of Benefit to the TIG

Previously, grantees were allowed to use "Self Certification" forms when carrying out activities as listed in a) & b) above with the requirement that full back-up documentation of income for at least 30% of the beneficiaries was gathered. A beneficiary is an employee hired as a result of the CDBG funded activity. Grantees are no longer required to gather the 30% verification of income of beneficiaries using third party documentation or using census/presumption records. Grantees may use "Self Certification" forms for 100%

When using income certification forms to document TIG Benefit, each beneficiary will be required to complete the income certification form. Staff responsible for distributing income certification forms should provide adequate instruction on how to complete the form to ensure that the information provided by beneficiaries is factual. During the monitoring visit, the CDBG representative will review the completed income certification forms to determine whether at least 51% of the beneficiaries are TIG and to verify that the form was completed by the beneficiaries. (Please see attached sample Self-certification Form for Family Income.)

### **3. Over-the-Counter Component - Maximum Award Limit Lifted on September 1**

A recent change to the State CDBG regulations allows the maximum award limit under the OTC component to be lifted from \$500,000 after September 1. The maximum OTC award limit after September 1 is \$2 Million per jurisdiction in each funding year. Jurisdictions may submit more than one OTC application during the funding year; however the total OTC award(s) is limited to the maximum award limit in effect at the time the application is submitted.

#### **For further information:**

Contact the CDBG-ED program at (916) 552-9398 or your ED Regional Representative.

## SELF-CERTIFICATION FORM FOR FAMILY INCOME

Date: \_\_\_\_\_

City/County: \_\_\_\_\_

Community Development Block Grant request for fiscal year

The information you provide regarding your family income will be part of your request for state subsidy funds which will assist the economic development of \_\_\_\_\_ (City/County) \_\_\_\_\_. The information will be confidential, but may require verification.

Please indicate by circling the number that represents the number of persons in your family and write in your family household income. Please indicate whether your income is above or below the County\* threshold amount noted below for your family size by initialing either the "over" or "under" column next to the household income amount you have provided here.. If your stay is seasonal and your permanent home is at a different place, use the number of family members who reside at the permanent residence.

FAMILY SIZE	COUNTY* _____	INCOME	ABOVE	UNDER
1	\$ _____	\$ _____	_____	_____
2	\$ _____	\$ _____	_____	_____
3	\$ _____	\$ _____	_____	_____
4	\$ _____	\$ _____	_____	_____
5	\$ _____	\$ _____	_____	_____
6	\$ _____	\$ _____	_____	_____
7	\$ _____	\$ _____	_____	_____
8	\$ _____	\$ _____	_____	_____

\*figure reflects 80% of Countywide median income per family household size

**Please complete and initial information for each of the following categories:**

How many hours do you work each month?

Gender of head of household: \_\_\_\_\_ Male \_\_\_\_\_ Female

Nationality and age of head of household: \_\_\_\_\_ Over 62 years of age

\_\_\_\_\_ White \_\_\_\_\_ Black \_\_\_\_\_ Hispanic

Asian \_\_\_\_\_ Alaska Native \_\_\_\_\_ Pacific Islander \_\_\_\_\_ American Indian

### Income Verification

I certify that this income information is correct and I understand that the information I have provided on my family income is subject to verification by authorized representatives of the City/County of \_\_\_\_\_, and the State of Californian Department of Housing and Community Development.

Signature \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Home Address: \_\_\_\_\_

Printed Name